Automotive News

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Lutz: '93 LH draws bead on Japanese, Euro sedans

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Despite a $3 billion cost-cutting campaign, Chrysler Corp. is expanding its lineup of LH sedans bowing in the 1993 model year and will give Chrysler brand dealers mid-sized and full-sized versions of the all-new vehicle.

Chrysler disclosed last week that in the fall of 1992, Eagle, Dodge and Chrysler brands will retail different mid-sized versions of the LH. Six months later Chrysler dealers will receive a distinctly styled full-sized version of the car.

Chrysler targets options, Page 3

Previously, Chrysler had indicated that LH models would be introduced in only the Dodge and Eagle divisions at the start of the 1993 model year with a single Chrysler brand vehicle bowing midway through the model year.

The LH sedans, which ride on Chrysler's first new car platform since 1980, are critical to the company's quest to regain a strong presence in the U.S. car market.

The models also will be the first cars that exemplify a product strategy Chrysler President Robert A. Lutz has touted with almost missionary zeal. The company maintains the LH sedans carry cutting-edge design, meet or exceed world-class standards in everything from powertrain performance to the feel of interior switches and will compete with the likes of the vaunted Acura Legend.

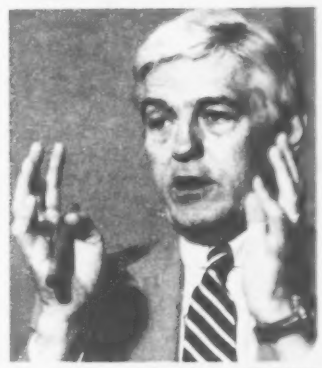
POPULAR MECHANICS/JIM DUNNE

The 1993 mid-sized cars from Chrysler Corp, codenamed LH, feature what the industry calls a "cab forward design" — the windshield is steeply raked forward over a portion of the engine compartment, creating a striking silhouette and a larger interior area.

The cars also are seen by Chrysler as an example of what the company can do on its own — despite worldwide speculation that it needs an international partner such as Mitsubishi Motors Corp. to help it survive the 1990s.

The LH sedans ride on a 113-inch wheelbase. The mid-sized models are 200 inches in overall length while the full-sized version reaches 207 inches. In comparison, the mid-sized Ford Taurus sedan has a 106-inch wheelbase and is 188.4 inches in length. The full-

see CHRYSLER, page 7



AUTOMOTIVE NEWS/JOE WILSSENS

"None of us can recall an American car that was designed so completely to be outside of what American cars normally are," says Robert Lutz.

Mazda 929 replacement

Mazda Motor Corp. last week unveiled this curvaceous sedan as its replacement for the square-edged 929. The all-new, rear-wheel-drive car, called the Sentia in Japan, will retain the 929 label in the U.S. market, where it is expected to go on sale in September. Longer, wider, taller and heavier than its predecessor, the new car will slot between the Mitsubishi Diamante and the Acura Legend in both dimensions and price.

CSI will become base for BMW dealer bonus

By Jim Henry
AUTOMOTIVE NEWS STAFF REPORTER

NEW YORK — BMW of North America Inc. will discontinue paying bonuses to dealers who meet sales goals. Instead, it will base payouts to dealers on customer satisfaction and market penetration.

In a related move, BMW also is scrapping its two-year-old "dealer-based" ordering system. The program was supposed to enable dealers to custom-order their inventories, but it never really lived up to its billing (see story on Page 28).

Details of the new bonus structure and new dealer ordering system haven't been determined. Both changes take effect next year.

BMW's move to bonuses for customer satisfaction comes as newcomers such as Lexus and Infiniti are trying to outdo each other in pleasing the customer. Infiniti paid 38 dealers $25,000 each for their customer-satisfaction performances during the first quarter.

The old BMW bonus structure paid dealers a percentage of the dealer cost of each car, usually 1 percent, if they met their sales goals. A dealer who met a quota of 300 cars a year, which is good-sized by BMW standards, received a bonus of about $90,000, said James J. Ryan, executive vice president of automotive operations.

BMW's pursuit of greater customer satisfaction will depend, in turn, on the company improving its sometimes touchy relationship with dealers.

Dealers ranked BMW near the bottom in last year's J.D. Power Dealer Satisfaction Survey, in which dealers express their pleasure or displeasure with their franchises. That helps explain BMW's 10th-place finish in the 1990 J.D. Power Customer Satisfaction Index, well behind Acura, Honda and Mercedes-Benz.

The change in strategy marks the latest in a series of moves by Karl Gerlinger, BMW president and chief executive officer. He took over in August 1989 and almost immediately cut prices. The

see BMW, page 28

COMING SOON: *Powertrains, safety are focus of changes for '92 model year*

By Jack Keebler
AUTOMOTIVE NEWS STAFF REPORTER

For 1992, automobile companies will unveil new models packed with technology, plus improvements in the powertrain and safety features of existing vehicles.

More powerful — and simultaneously more fuel-efficient — engines and transmissions are on the way. Lower-cost models are being fitted with traction control, anti-lock brakes and air bags. Some companies will add convertibles.

Much of the 1992 model information comes from a 47-page booklet prepared by LMV Leasing Inc. of Pittsburgh. The booklet is used by fleet operators and administrators in selecting vehicles. More than 200 car, van and light-truck models are mentioned.

In addition, *Automotive News* talked to engineers and product planners to fill in this portrait of the 1992 models.

Ford

Ford Motor Co. will offer new features and new models. The Korean-built Festiva will get a sports package with larger, alloy wheels and suspension tweaks.

A gently restyled Tempo and Topaz will be fitted with a standard 2.3-liter, four-cylinder engine with sequential multi-point fuel injection. Ford will try to pump extra life into the aging compacts with the addition of the optional 3.0-liter V-6, currently used in Taurus and Probe.

Taurus and Sable will receive significant redesign of the headlights, front and rear fascia and interior.

A Ford chassis engineer says air springs may be slated for the rear suspension. Other improvements include a roller-tappet-equipped version of the 3.0-liter V-6.

Late in the model year, Thunderbird and Cougar will get a version of Ford's modular 4.6-liter V-8, replacing the current 5.0-liter V-8

see 1992, page 27

Mid-May sales match weak 1990; cars show gain, but trucks slide

By Jim Henry
AUTOMOTIVE NEWS STAFF REPORTER

Light-vehicle sales in mid-May were about even with last year. The performance was good by 1991 standards, but the year-ago period was an exceptionally bad one, so it wasn't a very high benchmark to meet.

The combined total for cars and light trucks was 346,146, down 0.1 percent. *Automotive News* estimates 10-day sales for Chrysler Corp. and most imports.

Tom Webb, chief economist for the National Automobile Dealers Association, called the industry's performance "a refreshing break," providing "hope that a recovery is under way."

But he said the industry shouldn't expect sales to get much higher until the overall economy

see SALES, page 4

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GM Canada surrenders Passport:
For 1992, GM Canada will drop its Passport international Automobiles line and add Geo to its Chevrolet-Oldsmobile outlets. Page 2.

Fiat to acquire 30% of Soviet maker VAZ

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, Germany — Fiat S.p.A., the big Italian industrial and automaking group, said last week it had tentatively agreed to acquire a 30 percent equity stake in Volzhsky Motor Works, or VAZ, the Soviet Union's biggest automaker and producer of the Lada family of vehicles.

If completed, the accord would give Fiat a shareholder's voice in the Soviet auto industry, a first for a Western company.

At the same time, however, Fiat said the Soviet Union's deepening financial crisis had forced it and Moscow to shelve another proposal to build a $7 billion complex to produce 900,000 cars a year at Elabuga, near Kazan in east Russia.

Cancellation of the project would mark a severe blow to Moscow's goal of increasing its car production by two-thirds by the end of the decade, to around 2 million units a year.

But a Fiat spokesman stressed last week that the huge greenfield project was being "rescheduled," not "canceled."

"Elabuga is not abandoned," the spokesman said. "The Russians prefer to accelerate the first step of 300,000, and do not

see FIAT LINKUP, page 7

Honda earnings plunge 47% for quarter

By Mary Ann Maskery
AUTOMOTIVE NEWS STAFF REPORTER

TOKYO — Honda Motor Co. said late last week that sluggish sales in the key U.S. market and currency-exchange losses caused by a stronger yen contributed to a 47 percent drop in net income for the fourth fiscal quarter ended March 31 and a 6.6 percent decline in full-year earnings.

Separately, Mazda Motor Corp. and Mitsubishi Motors Corp. reported Friday that their full-year net income increased. Mazda's rose 1.6 percent and Mitsubishi's jumped 24.5 percent.

Honda said consolidated net income for the fourth quarter fell to 14 billion yen ($100 million) from a year earlier despite a 3.8 percent increase in sales, to 1.14 trillion yen ($8.1 billion). Operating income plunged 48.1 percent to 26 billion yen ($185 million), reflecting the higher cost of sales, it said.

For the year, Honda said net income fell to 76.2 billion yen ($541 million) despite an 11.6 percent gain in revenue, to 4.3 trillion yen ($30.5 billion). Operating income fell 26.8 percent, to 146.8 billion yen ($1.04 billion) because of slow U.S. sales, the increased cost of sales and rising depreciation expenses from the company's heavy plant investment in recent years.

For the same fiscal year, Mazda said net income rose to 27 billion yen ($191.6 million) from a year earlier on an 8.8 percent rise in sales, to a record 2.22 trillion yen (about $15.8 billion.)

Mitsubishi said its unconsolidated net income jumped to 25.2 billion yen ($181.2 million) on a 14.2 percent increase in sales, to 2.3 trillion yen ($16.5 billion). It said operating profit rose 35 percent to 85.8 billion yen ($613 million), reflecting the company's strong home market showing.

Koji Endo, who follows the industry for Nomura Securities in Tokyo, likened Honda's current financial difficulties to "a slight fever" that time will take care of.

Honda's investment in a second plant in Ohio as well as a new line and a new plant in Japan "was the right thing to do," Endo said.

But it may take Honda longer to recoup the investment than they originally expected, he said.

Neal Doying, auto analyst with Baring Securities in Tokyo, said Honda's depreciation costs should peak at this point and the company could see "some increase in consolidated profit if demand in the United States picks up."

Honda itself is forecasting flat growth in net income for the current fiscal year, citing what it calls "the high level of expenses, especially selling expenses" in a very competitive market.

Although both Mitsubishi and Mazda reported growth for the last fiscal year, analysts predict tougher times in the current fiscal year, in part because of an expected down-turn in the domestic truck market.

GM of Canada axes Passport name, adds Geo

By Alex Law
STAFF CORRESPONDENT

General Motors of Canada will start the 1992 model year by getting rid of its four-year-old Passport International Automobiles line and adding Geo.

The changes, effective Sept. 1, will see the current chain of about 70 Passport points become Saturn-Saab-Isuzu Truck stores. Chevrolet-Oldsmobile dealers, one of GM Canada's two principal dealer bodies, also will take on Geo. There will be no structural change to the Pontiac-Buick-GM dealer group, and Cadillac franchises will still be awarded to worthy dealers from either Chevrolet-Geo-Oldsmobile or Buick-Pontiac-GMC.

According to Michael Erdman, GM of Canada's vice president of marketing, the restructuring will clarify the market positions of the dealer networks. By dropping the Passport name in favor of Saturn-Saab-Isuzu, dealer bodies will be identified by the products they sell.

GM of Canada created Passport in 1987 to appeal to import buyers. The line carried vehicles built by GM's overseas affiliates, such as Saab and the Isuzu Trooper. It was also scheduled to carry Saturn when the new line makes its Canadian debut in the 1992 model year.

Unlike the United States, Canada has not had a Geo franchise, which was created for U.S. Chevrolet dealers in 1989, while Erdman was the division's general marketing manager.

Some of the products sold in the United States as Geos, such as the Metro, have been sold in Canada through Passport or as Chevrolet and Pontiac models.

"We have had some outstanding product offerings in these small-car market segments," Erdman says, "but we have lost ground to the imports over the last several years."

Under the new program, such cars as the Daewoo Optima will move from Passport to Pontiac. Its name will change to LeMans, as it is known in the United States. Pontiac Tempest, basically a rebadged Chevrolet Corsica, will be dropped for the 1992 model year.

The new Geo line will carry the Metro (formerly Pontiac Firefly and Chevrolet Sprint), Storm (formerly Passport's Impulse) and Tracker.

Geo won't offer the Prizm in Canada, as it does in the United States.

Although Pontiac-Buick-GMC dealers will lose their lowest-priced model, the Firefly, they will get the LeMans and a version of the Impulse/Geo Storm.

They also will get an upscale sport-utility this fall from the Suzuki-GM joint venture plant in Ingersoll, Ontario. Erdman says that vehicle will be a variation of the existing Tracker.

One reason for the change is the approach of free market parity between Canada and the United States in 1995. By aligning Canadian products more closely with those in the United States, GM will be making things easier for dealers and their customers when the last border restrictions fall.

GM of Canada also has acknowledged that by using different names for some products in Canada, the company is sending conflicting messages about products that are advertised under different names through U.S. media.

As Erdman says, GM of Canada will no longer have to get awareness of its unique brands "by throwing money at marketing."

When it comes to brand identification, Erdman is particularly anxious that the Saturn name be front and center somewhere. He says Canada will get the full line of Saturn, and there are no plans to move them to a second network.

CHANGES AT GM-CANADA

For 1992:	Was:
Saturn-Saab-Isuzu Trucks	Passport International Automobiles
Chevrolet-Geo-Oldsmobile	Chevrolet-Oldsmobile
Pontiac LeMans	(Passport) Daewoo Optima
Saturn	Not sold before
Geo Storm	(Passport) Isuzu Impulse
Geo Metro	Pontiac Firefly/Chevrolet Sprint
Geo Tracker	Chevrolet Tracker
New Pontiac sport-utility	GMC Tracker

AUTOMOTIVE NEWS JOE WILSSENS

GM of Canada created Passport in 1987 to appeal to import buyers. Shown is Glenn Matte at Passport Windsor in Windsor, Ontario.

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Correction

The table showing April truck sales by gross vehicle weight in the May 20 issue contained four incorrect 1991 year-to-date totals. The correct totals are: Peterbilt, 2,997; Isuzu, 3,388; Mitsubishi Fuso, 1,088; and Western Star, 232.

Texas shoots for GM ad scandal

Volvo-exposing officials dispute Baldrige quality award claims

By Raymond Serafin and Jennifer Lawrence
CRAIN NEWS SERVICE

AUSTIN, Texas — The Texas attorney general is threatening to sue General Motors for alleged deceptive advertising in a corporate campaign that touts Cadillac's 1990 Malcolm Baldrige National Quality Award for manufacturing.

Representatives of the attorney general and automaker are scheduled to meet this week to try to reach agreement on a consent judgment.

According to a formal notice of intent to sue filed by the attorney general, there are six unsubstantiated claims that violate the Texas Deceptive Trade Practices Act. Those included listing the number of applicants for the award as 167,000 and stating that the Department of Commerce had praised Cadillac's 4.9-liter engine and its customer relations center.

A GM spokesman said the company erred and already had corrected advertising regarding the number of Baldrige Award applicants, but said GM's position was that otherwise the advertising was "accurate and not misleading."

The advertising in question was created by McCann-Erickson Worldwide in New York, as part of the corporate "Putting quality on the road" effort.

Last October, the Texas attorney general created another automotive advertising flap when it charged Volvo Cars of North America with deceptive advertising for ads that depicted a Volvo 240 station wagon surviving a run-in with a "monster truck" while competitive makes were crushed.

Volvo was forced to admit that its car had been specially reinforced and the structures of the competitive makes weakened. The automaker publicly apologized. Its agency, Scali, McCabe, Sloves Inc. of New York, resigned the account.

1992 to bring world car sales relief, DRI predicts

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

BRUSSELS, Belgium — Worldwide passenger-car sales will fall 3.3 percent in 1991, the steepest decline since 1980, according to DRI Europe in its latest *World Automotive Forecast Report*.

But demand — fueled by recovery in the world's key economies — will turn sharply higher in 1992 and will grow more than 3 percent a year through 1995, the London-based research organization says.

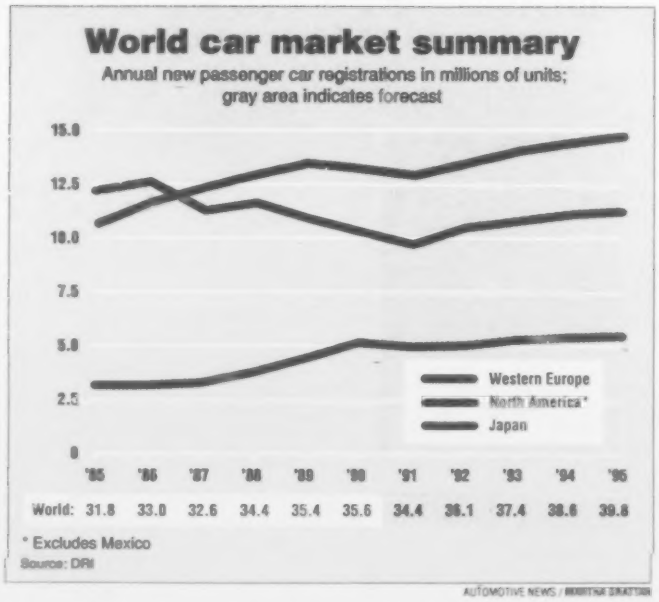
"We are still not expecting a prolonged downturn in global car sales," the DRI study says.

DRI says its forecast is based on an assumption of a worldwide economic upturn next year.

"The depression that has dominated the world economic scene during 1990 is expected to lift toward the end of 1991" because of a recovery in business and consumer confidence, the firm says.

DRI projects global sales of 34,428,000 cars in 1991, down from last year's record of 35,615,000. But it says world demand will recover to a record 37,379,000 by 1993.

"As the U.S. economy starts to pull itself out of the doldrums and Western Europe is boosted by a resurgence of activity in those major economies that have been in or close to recession . . . it is good news for world demand as a whole," the report notes.



AUTOMOTIVE NEWS / MARTHA GRATTAN

Projected car sales for 1991 include 9,644,000 in the United States and Canada, a drop of 7 percent from 1990; 12,901,000 in Western Europe, a dip of 2.2 percent, and 2,148,000 million in the Asia-Pacific region, up 4.7 percent.

For next year, DRI forecasts an 8.8 percent jump in sales in the United States and Canada, to 10,488,000 units. U.S. demand will rise to 9,430,000 from 8,704,000, it says, while Canadian sales will increase from 940,000 to 1,058,000.

"By midyear, we expect there to be a glimmer of an upturn in the (U.S.) sales statistics, which should be confirmed by the end of 1991," the report says. "The bottom line, however, is that car sales will almost definitely fall below 9 million this year."

DRI says it expects U.S. light-truck sales to mirror the passenger-car trend. It foresees light-truck sales falling about 8 percent this year, to 4,216,000, followed by a 10.8 percent rise in 1992, to 4,671,000.

DRI's prediction of a 2.2 percent drop in European sales is somewhat more optimistic than other forecasts.

"The saving grace of the West European market as a whole this year is the German market, and both west and eastern Germany are providing a substantial boost to total demand," DRI says.

DRI is sticking by its forecast of 4.9 million sales in Japan in 1991, a decline of 3.2 percent from last year, but it predicts an increase to 5.1 million in 1992 and growth averaging 4 percent annually in the next few years.

Prospects for growth in Latin America (including Mexico) "are as uncertain and yet as promising as ever," says DRI.

During 1991, the group forecasts that demand in Brazil, Mexico and Argentina will increase 2.8 percent over 1990, and it projects higher rates of growth through the middle of the decade.

Meanwhile, Sanjay Dabysing, head of DRI Europe's Automotive Group, cautions that a glut of new car-building capacity could act as a drag on industry profitability later in the decade.

He says 6.3 million units of new capacity costing some $27.3 billion are scheduled to come on stream worldwide by 1995 — far outstripping a projected increase of 4.2 million units in demand, to 39.8 million.

Of the 46 separate projects, 19 will be in Eastern and Western Europe, adding more than 3.3 million cars to existing capacity, he said. Another 18 projects accounting for 1.7 million units will be in Asia, he said.

In the United States and Canada, nine projects will be started and completed by 1995, adding 1.3 million cars, he said.

"Despite plant closures in North America, the region still has an overcapacity problem," said Dabysing. "Western Europe does not have an overcapacity problem, even with a sharp downturn in demand in 1991."

NADA subcommittee to monitor regulations

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

Rising concern over federal regulation of the automobile industry has prompted the National Automobile Dealers Association to form a regulatory affairs subcommittee.

"There are a lot of automotive-related issues, so the new subcommittee will provide direct input on them to the NADA staff," said M.R. McIlwain, 1991 NADA government relations chairman.

"The new subcommittee will inform the government relations committee of the state of regulatory matters," he said.

McIlwain, who owns McIlwain Cadillac-Suzuki in Metairie, La., said NADA is involved in 65 federal regulatory proceedings with at least nine federal agencies. Last year, NADA filed 27 written statements with federal agencies and testified at numerous hearings.

"The feeling is that NADA should have more input into the regulatory process," said McIlwain.

"We felt it was vitally important to look at how the regulators interpret legislation as well as the legislation itself."

The issues the subcommittee will address include implementation provisions for the luxury-car tax by the Internal Revenue Service, rules by the EPA to implement the Clean Air Act, new regulations affecting disposal of used oil and recycling old batteries, and the IRS' reporting regulations for cash payments made by customers.

James J. Reilly, NADA director from Colorado and vice chairman of the government relations committee, will serve as chairman of the subcommittee.

The addition of the regulatory affairs subcommittee brings to three the number of subcommittees reporting to NADA's government relations committee.

Other subcommittees include tax, trade and campaign finance; and commerce, judiciary and labor.

Automotive News is No. 1 in magazine competition

NEW YORK — *Automotive News* has been named the nation's top transportation trade magazine in the annual MagazineWeek Publishing Excellence Awards.

Automotive News bested four other finalists, including publications covering the automotive, aviation and boating industries. The competition included 43 trade and consumer magazine categories.

The awards are based on a "publication's ability to distinguish itself by maintaining the highest standards in the definition, recognition and achievement of editorial mission," said *MagazineWeek*. Entries included each magazine's mission statement.

Time Inc. magazines won four top awards. Crain Communications, which publishes *Automotive News*, also won with *Advertising Age* in the marketing communications trade magazine category. Crain Communications joined six other companies, including the New York Times Magazine Group, with two winners each. Crain's *AutoWeek* was a finalist in the consumer news category, which was won by *Sports Illustrated*.

The 1991 ordering system focuses on Jeep Cherokee (top left), Dodge Shadow (top right), Plymouth Sundance (left) and Eagle Talon. The system extends to the full line for 1992.

Chrysler targets options to move '92s

By Joseph Bohn
TRUCK EDITOR

Chrysler Corp. will target select "high-velocity" cars and trucks as a major focal point of its marketing plan for 1992 models, according to Ronald Boltz, Chrysler vice president of product strategy and regulatory affairs and general manager of small-car operations.

Chrysler has been evolving its high-velocity, or "customer-preferred ordering system," for several years and will extend it to all cars and trucks this fall.

It tracks the quickest-selling color/equipment combinations on a model-by-model, zone-by-zone basis, said John MacDonald, Chrysler Corp. general sales manager. The corporation has 25 sales zones.

Chrysler will extend the use of special discounts to induce dealers to stock the faster-moving combinations.

It is the same concept used nationally for Dodge Shadow/Plymouth Sundance in 1991.

In 1990, Chrysler Corp. had a standard 15 percent discount on equipment packages ordered on those cars. It now uses variable discounts, with a maximum of 50 percent on the most popular package combinations.

MacDonald said 39 of 103 recommended equipment packages account for 85 percent of orders for Jeep Cherokee, Dodge Shadow, Plymouth Sundance and Eagle Talon, which are the current focus of the program.

Officials also are interested in using the program to reduce product complexity.

For dealers, a key component of the program is the expansion of a computerized inventory management system that gives them immediate feedback on all their inventory on a daily basis.

The software was developed by Chrysler and is transmitted by its satellite network to dealers' computers. Dealers call up the information by punching in a code. It gives them daily updates on selling rates and equipment combinations in inventory.

John Reit, sales manager for Van Dyke Dodge in Warren, Mich., said some dealers aren't paying attention to the program, though he finds it beneficial.

Reit said some Dakota packages, for example, can "save you $2,700. If you don't pay attention and order something similar, you can pay more money with less equipment. And that's a vehicle that will sit."

Reit said he likes the velocity program and the inventory management system.

"You want to pull up the velocity reports on the package cars and pull the velocity reports on color selection before you order anything," he said. "It's time-consuming, but it forces you to sit down and take the time to order intelligently."

Tom Oliver, sales manager for Lyles Jeep-Eagle in High Point, N.C., said the system gives him an objective viewpoint of what to order because "sometimes it's hard for me to order something I don't like or wouldn't be seen driving." He cited the two-door, five-speed Cherokee Laredo with all the options.

"Some dealers will not order it, but we've done well with it," he said. "People tend to order cars on their personal preferences. They forget that everybody in the world doesn't have their ideas, concerns and reasons for owning a car."

He said as a result of the inventory system, he no longer has cars "sitting for months on end."

Dealers seek better Ford warranty

Council wants 3-year minimum for parity with GM and imports

By Kathy Jackson
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Warranty coverage will be a key issue this year as Ford Division's 4,500 dealers try to gain competitive advantage in the crowded U.S. market.

The 27 members of the Ford Dealer Council met Ross Roberts, the new Ford Division general manager, last week. The three-day meeting "was not contentious but certainly no lovefest either," said a council member who did not want to be identified.

The council presented Ford with a number of issues that were worked out by six committees that report to the larger group. One of the more detailed reports came from the parts and service committee. Its recommendations included a proposal for a three-year/36,000-mile bumper-to-bumper warranty with no deductible on all 1992 models.

Ford Motor Co. now offers a one-year/12,000-mile warranty with a $50 deductible on all Ford and Mercury products. Lincolns have a four-year/50,000-mile warranty and no deductible.

By contrast, General Motors and the large Japanese and European makers all offer at least three-year/36,000-mile coverage, and most of those warranties require no deductibles.

GM requires a $100 deductible on all makes except Cadillac and Saturn. Chrysler Corp. cars have a 12-month/12,000-mile warranty and a $100 deductible, except for large luxury cars and the Town & Country minivan, which have five-year/50,000-mile coverage and no deductible.

Ford dealers say their warranty coverage lags behind industry standards.

"We can't compete with the Hondas and Toyotas of the world" with the current warranties, said a council member who did not want to be identified. "If Ford is sincere about quality, it should have warranties to back it up."

Ford spokesman Mike Moran said customers can buy extended warranty coverage, and the company "depends on those extended programs" to give buyers the added protection they need.

Dealer Council Chairman Mike Shad of Mike Shad Ford in Jacksonville, Fla., said council members were impressed with Roberts, who replaced Thomas Wagner May 10. Roberts had been general manager of Lincoln-Mercury Division.

"Roberts believes in regional marketing," Shad said.

"The advantages of regional marketing are that people in Boston are not looking for the same types of cars and deals as people in Texas," he added.

Shad said most of Ford Division's marketing plans are national, not regional. He said Wagner wants to implement more regional plans but because of a lackluster economy, his main objective is to keep the plants open.

Ford Division executives also were presented with a warranty-cost study conducted by the National Automobile Dealers Association, but it was "nothing conclusive," said a council member who wished to remain anonymous. Dealers say Ford's 30 percent warranty and parts markup reimbursement is too low; Ford says the reimbursement level is fair and reasonable.

Another contentious issue is Ford Motor Credit Co.'s tiered financing plan, which requires less-creditworthy customers to pay a higher interest rate than more-desirable customers.

Rural and minority dealers say the tiered financing system hurts their businesses because many of their customers do not meet the same standards as customers who shop in rich, suburban areas.

Council members say they are impressed with Ford's 1992 product lineup, and they say they're satisfied that the company is not cutting product-plan budgets.

"They're cutting costs in other areas, but the reports show there will be no product program slippage," said a council member.

Direct financing cuts into dealer income

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

Banks are chipping away at dealers' finance income by persuading customers to obtain direct loans rather than allowing auto dealers to arrange financing, according to the 1991 Automobile Finance Study conducted by the Consumer Bankers Association.

Direct loans originate with lending institutions; indirect loans originate with dealers, who then sell the paper to financial institutions like General Motors Acceptance Corp. or Ford Motor Credit Co. The trend toward direct loans reflects banking's move to sell more services to existing customers rather than acquiring new customers.

The National Automobile Dealers Association says the trend toward direct loans is a way for banks to obtain a better grade of credit customers.

According to NADA, the average finance and insurance fee for a new vehicle sold rose to $299 in 1990 from $284 in 1989, so the trend toward direct loans could be costly to dealers.

> "The trend toward direct financing means banks are pulling away from doing business with the dealer body."
>
> **Jake Kelderman**
> NADA

"This is an example of cherry-picking loans," said Jake Kelderman, executive director of industry affairs for NADA. "The trend toward direct financing means banks are pulling away from doing business with the dealer body."

Bankers say auto dealers send better-quality loans to captive finance companies. Hence, with the nation in a recession, direct loans give the banks more control over the credit quality of customers.

"The banks are taking a much tougher line and saying we want quality paper (loans)," said S.A. Ibrahim, senior vice president at New York-based Chemical Bank. "From a credit standpoint, the captive finance companies have siphoned off the better paper."

Auto lending remains the largest category of consumer installment credit with $285 billion in total car loans outstanding in 1990, a slight decrease from $289 billion in 1989.

The number of auto loans financed through captive finance companies declined last year, while the number financed through banks and other lending institutions increased, according to the study. Commercial banks in 1990 rose to $126 billion in auto loans, resulting in a 44 percent share of total auto loans — a scant 1 percent increase over 1989.

Timothy R. Hinkin, assistant professor of commerce at the McIntire School of Commerce at the University of Virginia, said captive finance companies such as GMAC and Ford Credit placed more emphasis on leasing in 1990 than on auto loans.

Hinkin was the principal researcher on the report.

Ibrahim said another reason for the decline in loans by captive finance companies is that they offered fewer low-interest-rate loan incentives last year.

"The success of the captives in consumer loans was driven by the number of special programs they offered," he said. "They have been far less aggressive recently in offering 2 to 3 percent financing on vehicles. Their rates are closer to market rates."

The direct-loan approval rate in 1990 was 61 percent, the same as in 1989, while the indirect-loan approval rate fell to 47 percent from 51 percent in 1989. For leases, the approval rate remained at 58 percent in 1990. The average new-car loan in 1990 was $13,294, up from $11,447 in 1989.

The average capital cost of a lease dipped to $17,603 in 1990 from $17,643 in 1989. The reason for the decline in capital cost, according to Hinkin, is the increasing volume of leases for lower-priced vehicles.

The number of direct consumer loans that have soured has risen, according to the Consumer Bankers Association.

In addition, the number of delinquent captive finance loans has risen.

While leasing delinquencies remained relatively stable in 1990, the number of repossessions increased. More customers are in dire financial trouble and are voluntarily turning in their vehicles, said Hinkin.

Nissan Motor claims battery breakthrough

One of the major stumbling blocks to a practical electric vehicle is the lengthy recharging period.

But Nissan Motor Co. Ltd., in a joint venture with Japan Storage Battery Co., has announced a breakthrough that would make recharging possible in one-fifth the time required by conventional electric-car battery systems.

Nissan calls it the Super Quick Charge battery system for both nickel-cadmium and lead-acid batteries.

One of the keys to the quick-charge battery system is its ability to dissipate heat quickly.

— Jack Keebler

10-DAY CAR AND TRUCK SALES, BY MAKE

	May 11-20 1991	May 11-20 1990
ALFA ROMEO (imp. car)*	**135**	**54**
Acura (imp. car)	**3,847**	**3,550**
Domestic car	14,173	11,076
Imported car	4,634	6,095
Honda	**18,807**	**17,171**
AMERICAN HONDA	**22,654**	**20,721**
ASTON MARTIN (imp. car)*	**2**	**2**
BMW (imp. car)*	**1,473**	**1,754**
Domestic car*	3,536	5,944
Imported car*	33	130
Domestic truck*	103	63
Chrysler Division*	**3,672**	**6,137**
Domestic car*	6,832	8,164
Imported car*	1,050	423
Domestic truck*	11,829	12,373
Imported truck*	113	366
Dodge*	**19,824**	**21,326**
Domestic car*	1,584	1,078
Imported car*	232	403
Eagle*	**1,816**	**1,481**
Domestic truck*	4,447	4,973
Jeep*	**4,447**	**4,973**
Domestic car*	4,048	5,861
Imported car*	442	418
Domestic truck*	4,121	3,916
Plymouth*	**8,611**	**10,195**
Domestic car*	16,000	21,047
Imported car*	1,757	1,375
Domestic truck*	20,499	21,325
Imported truck*	113	366
CHRYSLER CORP.*	**38,369**	**44,112**
Imported car*	172	243
Imported truck*	95	107
DAIHATSU*	**267**	**350**
FERRARI (imp. car)*	**24**	**24**
Domestic car	27,331	28,927
Imported car	1,078	1,173
Domestic truck	35,047	34,864
Ford Division	**63,456**	**64,964**
Domestic car	5,302	6,061
Lincoln	**5,302**	**6,061**
Domestic car	9,765	7,554
Imported car	1,515	194
Mercury	**11,280**	**7,748**
Domestic car	42,398	42,542
Imported car	2,593	1,367
Domestic truck	35,047	34,864
FORD MOTOR CO.	**80,038**	**78,773**
Domestic car	14,811	9,248
Buick	**14,811**	**9,248**
Domestic car	5,390	6,086
Cadillac	**5,390**	**6,086**
Domestic car	33,603	29,972
Imported car	3,283	3,177
Domestic truck	41,848	48,061
Imported truck	0	0
Chevrolet	**78,734**	**81,210**
Domestic car	11,038	11,522
Domestic truck	761	418
Oldsmobile	**11,799**	**11,940**
Domestic car	15,627	15,738
Imported car	1,607	1,067
Domestic truck	670	880
Pontiac	**17,904**	**17,685**
Domestic car	1,843	0
Saturn	**1,843**	**0**
Domestic car	82,312	72,566
Imported car	4,890	4,244
Domestic truck	43,279	49,359
Imported truck	0	0
GENERAL MOTORS	**130,481**	**126,169**
Domestic car	0	0
Imported car*	2,762	3,123
HYUNDAI*†	**2,762**	**3,123**
Imported car*	385	88
Domestic truck	1,198	373
Imported truck*	2,459	2,537
ISUZU*	**4,042**	**2,998**
JAGUAR (imp. car)*	**243**	**480**
LAMBORGHINI (imp. car)*	**4**	**4**
LOTUS (imp. car)*	**8**	**8**
MASERATI (imp. car)*	**6**	**6**
Domestic car	904	1,272
Imported car*	4,298	3,876
Domestic truck	203	0
Imported truck*	2,577	2,893
MAZDA*	**7,982**	**8,041**
MERCEDES-BENZ (imp. car)*	**1,613**	**2,002**
Domestic car	1,164	1,154
Imported car*	2,529	2,828
Imported truck*	751	875
MITSUBISHI*	**4,444**	**4,857**
Infiniti	739	498
Domestic car	3,287	1,907
Imported car*	6,213	7,630
Domestic truck	*3,359*	*2,544*
Imported truck*	4,330	5,227
Nissan*	**17,189**	**17,308**
NISSAN MOTOR CORP.	**17,928**	**17,806**
PEUGEOT (imp. car)*	**93**	**135**
PORSCHE (imp. car)*	**137**	**304**
RANGE ROVER (imp. truck)*	**75**	**79**
ROLLS/BENTLEY (imp. car)*	**15**	**30**
SAAB (imp. car)*	**1,204**	**655**
STERLING (imp. car)*	**74**	**91**
Domestic car	1,051	100
Imported car*	1,785	2,687
SUBARU*	**2,836**	**2,787**
Domestic car	0	0
Imported car	105	134
Domestic truck	0	0
Imported truck	477	402
SUZUKI	**582**	**536**
Lexus (imp. car)	1,324	1,247
Domestic car	6,207	8,820
Imported car	10,104	8,137
Imported truck	6,090	6,625
Toyota	**22,401**	**23,582**
TOYOTA MOTOR SALES	**23,725**	**24,829**
Audi (imp. car)*	315	455
Imported car*	2,590	3,072
Imported truck*	152	185
Volkswagen*	**2,742**	**3,257**
VWoA*	**3,057**	**3,712**
VOLVO*†	**2,151**	**2,411**
YUGO (imp. car)*	**38**	**177**
Domestic car	**167,496**	**160,484**
Imported car	**57,946**	**58,329**
TOTAL CAR	**225,442**	**218,813**
Domestic truck	**103,585**	**108,465**
Imported truck	**17,118**	**19,295**
TOTAL TRUCK	**120,703**	**127,760**
TOTAL CAR & TRK	**346,146**	**346,574**

*Estimated †Breakdown of North American built and imported car sales not available.
There were 9 selling days in the period this year and 9 last year.

SALES

FROM PAGE 1

improves. The government last week reported that orders for durable goods rose 2.9 percent in April, which economists considered an encouraging sign.

Car sales improved 3.0 percent to 225,442 in mid-May. Truck sales were down 5.5 percent to 120,703. There were eight selling days in the mid-May period each year.

General Motors posted an increase of 3.4 percent on total deliveries of 130,481 cars and trucks, but that was in comparison to last year when GM's sales were down 30 percent from 1989.

As an example, Buick's 14,811 sales were up 60.2 percent over last year. But Buick was down 43.6 percent in the year-ago period, so Buick's sales in mid-May 1991 were still 9.7 percent below those of two years ago.

Pontiac also reported a sales increase for mid-May, up 1.2 percent.

GM's car sales this year were up 13.4 percent over 1990, but its truck sales were down 12.3 percent. Car sales outnumbered truck sales 2-to-1 at GM.

A 45.6 percent increase in Mercury sales helped Ford Motor Co.'s overall sales rise 1.6 percent, but Ford was down last year, too.

Both domestic and imported cars contributed to Mercury's 1991 upturn. U.S.-built cars jumped 29.3 percent, to 9,765, and Mercury dealers sold 1,515 imports compared to only 194 last year.

At Chrysler Corp., where light-duty trucks and minivans outnumbered cars, sales were down 13.0 percent to 38,369.

Sales for the biggest Japanese-based company, Toyota Motor Sales U.S.A. Inc., declined 4.5 percent to 23,725.

Sales of American Honda Motor Co. Inc.'s Acura line rose 8.4 percent, and its Honda models were up 9.5 percent.

European sales show first gain since July '90

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, Germany — European car sales rose in April for the first year-to-year increase since last July, but industry analysts said they are not convinced that Europe has pulled out of its slump.

Sales increased 9 percent over a year earlier, to 1,299,600 units, according to industry estimates compiled by *Automotive News*.

That pulled the total market for the first four months fractionally above the same period in 1990. Sales through April totaled 4,920,900, some 15,000 units above the first four months of 1990.

The April figures reflected the continuing strength of the German market and signs of life in France, Italy, Spain and Sweden, although sales in the United Kingdom remained woefully depressed.

The German market continued to drive all of Europe, with April sales rising 56.1 percent, to 432,400. For the first third of the year, German sales surged 47.4 percent ahead of 1990.

The figures include eastern Germany, which was not included in year-ago totals. Still, when an estimated 150,000 sales in eastern Germany are excluded, German sales are running about 33 percent above last year's.

In France, April sales of 190,400 cars were about the same as in 1990, although four-month sales were off 16 percent. In Italy, according to official registration figures, sales fell 3.2 percent in April, to 212,400. The April tally compared with year-to-year declines of 4.5 percent in March and 6.4 percent in February.

The news also was comparatively better in Spain, where sales declined just 10 percent, to 79,500, in April, although they were down 19.7 percent for four months. And the Swedish market dipped only 6.5 percent in April, to 20,600 units, against the backdrop of a 29.1 percent slide for the four months through April.

But sales in the United Kingdom slid 24.2 percent, to 126,600, last month, making the four-month decline 22.2 percent.

"The U.K. very clearly is in a severe slump," said Sanjay Dabysing, director of DRI Europe's Automotive Group. "We expect a mild upturn in the U.K. in the second half — but not very much."

DRI has downgraded its 1991 sales forecast for the British market to 1.7 million, down 15 percent from 1990. Some analysts and industry executives have projected that the market will slide as low as 1.5 million.

"France, we believe, is merely pausing for breath," said Dabysing. "Italy was not really affected by the Gulf crisis. The market has been quite resilient."

Overall, DRI Europe expects new-car sales in Europe to fall 2.2 percent this year from the 1990 record of 13.41 million. On a directly comparable basis — excluding sales in the former East Germany — DRI projects a 4.3 percent decline.

EUROPEAN SALES

Manufacturer	4 months, 1991	1991 share	4 months, 1990	Volume change (%) '91 vs. '90
Volkswagen	816,600	16.6	737,500	+10.6
Fiat Auto[1]	651,800	13.2	740,100	−11.9
General Motors[2]	610,300	12.4	551,800	+10.6
Ford[3]	601,700	12.2	556,200	+ 8.2
(Jaguar)	5,200	0.1	7,700	−32.5)
Peugeot S.A.[4]	576,900	11.7	640,300	− 9.9
Renault	492,000	10.0	502,900	− 2.2
Mercedes-Benz	163,500	3.3	156,900	+ 4.2
Nissan	150,800	3.1	135,300	+12.0
BMW	133,100	2.7	134,600	− 1.6
Rover	130,800	2.7	142,700	− 8.3
Toyota	124,600	2.5	121,800	+ 2.3
Mazda	101,100	2.1	96,600	+ 4.7
Volvo	75,700	1.5	92,300	−18.0
Mitsubishi	63,100	1.3	60,900	+ 3.6
Honda	54,900	1.1	53,200	+ 3.2
Suzuki	35,100	0.7	35,200	− 0.0
Lada	32,700	0.7	36,900	−11.4
Subaru	18,700	0.4	18,500	+ 0.1
Daihatsu	17,900	0.4	14,400	+24.3
Saab	17,300	0.4	22,200	−22.1
Skoda	10,400	0.2	9,300	+11.8
Others	41,900	0.9	46,100	− 9.1
Total	**4,920,900**	**100.0**	**4,905,700**	**+ 0.3**

1-Includes Alfa Romeo, Lancia
2-Opel, Vauxhall; GM-U.S., Canada; Isuzu; not Saab
3-Includes Jaguar
4-Peugeot, Citroen, Talbot

John Lawson of Nomura Research Institute in London was not overwhelmed by the April figures.

"Some people think every time they see a swallow, it is spring," he said. "But one has to be careful. The first quarter was unusually depressed in Europe, so it is probably not surprising that you may get the odd month where things look a little better."

He added: "I'm not suddenly going to change my forecast. It is a sign that some of the worst may be over, but no sign that a recovery is just around the corner. There is no reason to believe it will not be a down year."

Lawson projects a downturn of 5 percent this year, including sales in eastern Germany.

In April, the Volkswagen Group was still atop the European sales charts, posting a 17.3 percent increase in sales, to 220,700 units. For four months, VW group sales, including VW, Audi and Seat, were up 10.7 percent for a 16.6 percent market share.

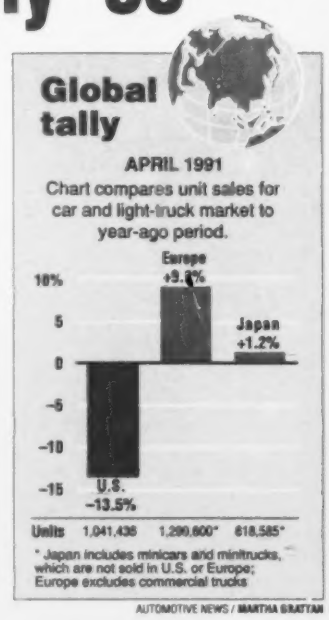
Indeed, sales for five of Europe's six volume manufacturers increased during April. The Fiat Group was off 7.2 percent, to 162,800. But Fiat, which includes Alfa Romeo and Lancia, remained No. 2 in Europe.

General Motors also has benefited from the strong German market, where it ranks second behind VW. In April, combined Opel and Vauxhall sales improved 21.2 percent, to 159,100, the biggest gain among the six volume producers.

Opel's sales in Germany rose 68 percent, to 80,400 units, last month. GM has therefore boosted its share in Europe's largest market by nearly two points, to almost 19 percent, in an overall market that expanded nearly 50 percent through April.

Meanwhile, combined Japanese sales continue to outpace the European market, with an increase of 5.6 percent for the year and penetration of 11.4 percent. Japanese makes took 12.6 percent of the market in April on a 13.1 percent increase in sales, to 164,300 units.

But long supply lines are still making it difficult for Japan's automakers to keep pace with rapid growth in Germany. Despite holding 15 percent of the market for several years, Japan's carmakers captured only 12.5 percent of booming German sales for January-April.



AUTOMOTIVE NEWS / MARTHA GRATTAN

NEW-CAR SALES BY COUNTRY IN EUROPE

Country	4 months, 1991	Pct. change vs. 1990
Germany	1,510,500	+47.4
Italy	903,000	− 3.2
France	705,000	−16.0
United Kingdom	583,300	−22.2
Spain	286,600	−19.7
Netherlands	216,900	− 3.6
Belgium-Luxembourg	196,100	− 5.8
Switzerland	114,100	−11.4
Austria	111,600	+ 0.3
Portugal	69,800	+ 2.2
Sweden	63,600	−29.1
Greece	44,600	+26.4
Finland	37,200	−38.1
Denmark	30,300	− 5.0
Ireland	30,100	−18.6
Norway	18,200	−13.2
Total	**4,920,900**	**+ 0.3**

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Japanese suppliers in U.S. face trouble, says consultant

By Lindsay Chappell
AUTOMOTIVE NEWS STAFF REPORTER

Despite their fast growth in the United States, many of Japan's transplant suppliers are disappointed with profits and volume and may have to change their business strategies to survive here.

As much as 80 percent of the mushrooming Japanese transplant supplier community may be disappointed by business in America, according to a business consultant who recently completed a study of the group.

A full one-fifth of the approximately 350 transplant suppliers here are "running some serious risk of failing and are troubled about what to do to correct it," claims Glenn Mercer, an associate with the international business consulting firm McKinsey & Co. Inc.

McKinsey has just published a report on the transplant suppliers' business outlook, "Focusing on a Single Core Customer: An Outdated Strategy for JTOS." JTOS refers to Japanese-owned suppliers to the transplant original equipment manufacturers.

Mercer looked at 20 firms specifically for the report. But he said he drew on his consulting experience to reach conclusions about the entire group.

"A good 80 percent of the group is not doing great and is confused about it," said Mercer, citing information collected for the report.

"The remaining 20 percent is doing great and loving it," he said.

The most common problems include a failure to obtain additional business in the United States and difficulties sourcing materials and subcomponents to Japanese specifications from local suppliers. Companies that are faring the best are those with broader customer and product bases, and those in the United States long enough to establish ties with the Big 3.

Similar findings have been reported by other researchers.

A recent report by Japan's Ministry of International Trade and Industry found that profit margins for the transplant suppliers are far below their standards in Japan. Automotive suppliers in Japan average a 2 percent return on sales, MITI reported. But the same suppliers are averaging a margin of only 0.7 percent on their U.S. operations, MITI found.

> "A good 80 percent of the group is not doing great and is confused about it. The remaining 20 percent is doing great and loving it."
>
> **Glenn Mercer**
> McKinsey & Co. Inc.

Mercer said the problem is most acute for suppliers who set up shop in this market to supply only one Japanese transplant automaker. Japan's controversial *keiretsu* system — a practice that allows cross-ownership and control of customers and suppliers — has unwisely brought many Japanese suppliers into the American market, he contends.

"It's difficult for a supplier, especially a small one, to make money on a single customer that has a limited product line," Mercer said. "In Japan, the supplier has the customer's entire line to supply, including the carmaker's higher-margin vehicles. In the United States, the supplier has to make it on the OE's very limited, usually low-priced product line.

"It's a dangerous position to be in. It gives the customer the power to exert pressure on the supplier's prices. It also removes the supplier from the loop of new product design, since most of the component design is still being done in Japan. That increases the possibility that the transplant supplier's product will become obsolete," he said.

The McKinsey report concludes that the transplant suppliers will have to further penetrate the U.S. original equipment market to stay alive. Mercer concedes that strategy will be hard to implement.

The Big 3 are reducing the number of suppliers they use, and General Motors and Ford Motor Co. both have signaled that they will not enter into new supplier relations.

Ford has even given the UAW new power in qualifying suppliers. That could mean non-union suppliers may be among the first eliminated as the supplier ranks are thinned. Few of the 350 transplant suppliers are unionized.

VW and Sterling offer incentives to clear the lots of 1991 models

Volkswagen of America Inc. and Sterling Motor Cars continue to clear out their 1991 models with summer incentive programs.

Sterling is offering a special finance program on select 1991 models through July 31.

Customers may purchase either the 827Si or 827SL for nothing down and $459 to $508 a month; 10 percent down and $404 to $457 a month; or 20 percent down and $359 to $406 a month.

The finance plan is available on contracts of 24 months and 36 months.

Customers who choose to lease an 827Si or 827SL can pay nothing down and make monthly payments of $369 to $499 for 24 to 36 months, or they can make a down payment of 10 percent and pay $292 to $399 a month for 24 to 36 months.

Through June 30, Volkswagen is paying its dealers $500 on sales of 1991 Jetta (except diesel) and Golf (except GTI and Wolfsburg limited edition) models, depending on the number of cars sold.

Dealers who reach their sales quotas will receive payments retroactive to the first car sold.

Volkswagen continues to pay dealers $500 to $1,500 for sales of 1990 cars. That program has no expiration date.

— Arlena Sawyers

INCENTIVE WATCH
CUSTOMER INCENTIVES

CHRYSLER CORP.
Rebates expire June 30 unless otherwise noted. Finance rates in lieu of rebates are 4.9 percent to 9.9 percent, depending on length of contract. Finance rates on minivans are 7.9 to 10.9 percent.

Chrysler (1991)*	$1,000-1,500
1990	$500-1,000
Dodge Monaco (1991)*	$1,500
Other 1991 cars*	$400-1,000
Monaco (1990)*	$1,500
Other 1990 cars	$700-1,000
Dodge trucks (1991)	$300-1,500
1990 trucks	$500-2,000
Eagle Premier (1991)*	$1,500
Other 1991	$700
Premier (1990)*	$1,500
Other 1990	$700-1,000
Jeep	
Grand Wagoneer ('91)**	$1,500
Other 1991	$500-1,000
Grand Wagoneer ('90)**	$1,500
Other 1990	$1,000-2,000
Plymouth (1991)	$400-1,000
1990 models	$700-1,000
All minivans without air bag (1991)	$500
1990 models	$1,500

*Expires Sept. 30 on 1990-91 Monaco and Premier and 1991 LeBaron and Daytona
**Expires Dec. 31 on Grand Wagoneer

FORD MOTOR CO.
Finance rates in lieu of rebates range from 4.8 to 7.9 percent. All incentives expire June 4.

Ford cars (1991)	$500-1,500
Cars (1990)	$650-900
Trucks (1991)	$500-1,500
Trucks (1990)	$650-1,150
Mercury (1991)	$500-1,000
Tracer (1990)	$650

GENERAL MOTORS
All makes except Cadillac offer cut-rate financing in lieu of rebates. Unless otherwise noted, rebates expire June 2 on 1990 models and July 7 on 1991 models.

Buick (1990-91)†	$250-2,000
Cadillac Brougham (1991)	$1,500
Chevrolet	
S Blazer (1991)	$1,500*
Other 1991	$300-1,000
Cars (1990)	$500-1,500
Trucks (1990)	$1,000-1,500
GMC	
Suburban (1991)**	$1,000
Other 1991	$500-1,000
1990 models	$1,000-1,500
Oldsmobile (1990-91)	
Regional incentives	$500-2,250
Pontiac Grand Am ('91)	$1,000

†Based on option package selected
*Rebate on 1991 S Blazer is $1,000 after June 2
**Expires Sept. 25

HYUNDAI (expires July 2)

Excel (1990-91)	$500-1,000
Sonata (1990-91)	$1,000
Scoupe (1991)	$750

MAZDA (expires June 3)

1991 trucks	$500-1,000*

*Based on region

SUBARU (1991, expires July 2)

Loyale	$500
Legacy L	$750
Legacy L Plus	$900-2,000
Legacy LS	$1,200-$1,400
Legacy LSi	$1,200-1,700
Legacy Spt. Sed.	$1,00
XT, XT6	$2,000

INCENTIVE WATCH
DEALER INCENTIVES

CHRYSLER CORP.
Premier and Monaco programs expire Sept. 30; others expire June 30.

Dodge Spirit (1990-91)	$500
Monaco (1991)	$1,000-2,000 based on sales, plus $1,000 for each car ordered from factory
Monaco (1990)	$1,000-2,000, based on sales
Eagle Premier (1991)	$1,000-2,000 based on sales, plus $1,000 on each car ordered from factory
Premier (1990)	$1,000-2,000 based on sales
Jeep Grand Wagoneer (1990-91)	$3,500
Plymouth Acclaim (1990-91)	$500
Caravan, Voyager (no air bag) 1991	$500

GENERAL MOTORS

Chevrolet Corvette	$2,000

HONDA (expires June 3)

1991 Accord (excludes EX)	$400
1991 Civic 4-door	$400
1990 Accord	$400

HYUNDAI (1991, expires July 2)

Scoupe, Sonata	$100-300, based on sales

ISUZU (expires June 30)

1990-91 models	$800-2,000 based on sales

NISSAN (1991, expires Aug. 2)

Sentra E, XE, GXE	$400
Stanza	$1,400
Maxima	$800-1,000, quota
240SX	$600-800, quota
300ZX	$1,500
Trucks	$1,200
Trucks (California only)	$1,300-1,500, quota
Pathfinder	$1,000-1,400, quota

PEUGEOT (1990, no expiration date) $2,000

SUZUKI (expires June 3)

Swift (1991)	$400-500
Swift (1990)	$400-1,000
Sidekick (1991)	$500-1,000
Sidekick (1990)	$1,000-1,500
Samurai (1990)	$500

TOYOTA (expires June 3)
All rebates are based on performance against quota.

Corolla (1989-91)	$200-1,200
Camry (1989-91)	$200-1,000
Celica (1989-91)	$300-1,200
4x2 pickups (1989-91)	$300-1,100
4x4 pickups (1989-91)	$200-1,000

VOLKSWAGEN

Golf, Jetta (1991, expires June 30)	$500, based on number sold
All cars (1990, no expiration date)	$500-1,500

BMW

FROM PAGE 1

dealer-based ordering system was instituted on his watch, though BMW had started talking about it before Gerlinger arrived.

More recently, Gerlinger has been insisting that dealers upgrade their facilities — some of them 20 years old — to make a better impression on customers.

That has estranged some smaller, dualed dealers in older facilities. They feel BMW is trying to get rid of them in favor of bigger dealers in major markets with facilities that measure up to BMW's "corporate identity" requirements.

That controversy could continue when BMW starts basing bonuses in part on customer satisfaction. Adherence to BMW's corporate "look" is among the criteria the importer uses to judge customer satisfaction, so bonuses will be at least partly tied to uniform appearance. BMW hasn't decided how high dealers will have to score on the customer satisfaction scale in order to get a bonus.

At its national dealer meeting in Scottsdale, Ariz., this month, BMW addressed many of the areas that dealers have been unhappy with, said dealer Lee Maas of Classic BMW, who has stores in Dallas and Phoenix.

Several dealers have commented in the past that it's not so much what BMW says that angers them, but the way the company says it. BMW officials have acknowledged the need to communicate better with dealers.

"They are very sensitive to that (poor dealer satisfaction score), and they seem to be doing something about it," said Maas.

"The policies they are putting in place seem to be aimed in the right direction. We'll have to see what they actually do."

The main order of business at the national dealer meeting was to introduce the new 325i, the initial model in the first all-new 3 series in 15 years.

The friction between BMW and some of its dealers has developed in a time of shrinking sales.

Healthy 3-series sales could make dealers forget some of their complaints, but don't count on it, said John Jaffe of BMW of Fairfax (Va.), chairman of the BMW dealer council.

"Even if the entire dealer body was profitable, dealers would still strongly resent the intrusion of BMW into the way we do business day-to-day," Jaffe said.

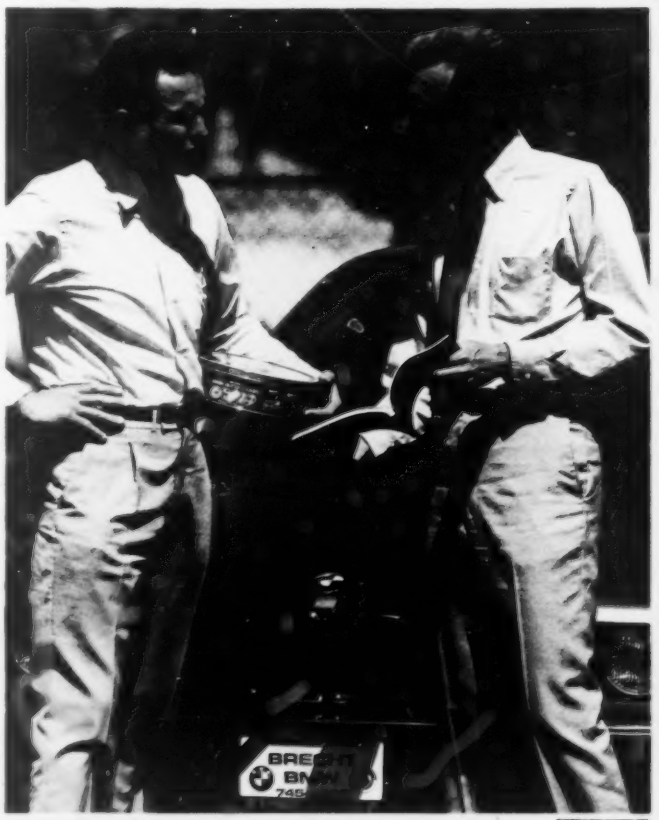
The company's sales were down 23.7 percent, to 15,496, through April after falling 1.9 percent in all of 1990, to 63,646 cars. The new luxury tax that has depressed sales since it took effect Jan. 1 artificially boosted sales late last year. In 1986, BMW sold a record 96,759 cars in the United States.

Without mentioning a timetable, BMW has said its long-term U.S. sales goal is 85,000 a year.

In addition to customer satisfaction, the new BMW bonuses will be based on market penetration of a geographic area assigned to each dealer.

BMW has not begun divvying up territories to determine market-share goals. That process could cause some controversy in major markets with multiple dealers.

Under the new ordering system, dealers will still be able to special-order cars, but most cars will be chosen from the model mix and options BMW chooses to build, which dealers and BMW officials said is more like the way the system has operated all along.



STEPHEN WHALEY

Nick Lambesis, left, picks up his new BMW 735 from salesman Craig Donavan at Brecht BMW in Escondido, Calif. Dealer Bill Brecht likes BMW's new program of basing dealer bonuses on customer satisfaction ratings.

Custom-order system fades away at BMW

By Jim Henry
AUTOMOTIVE NEWS STAFF REPORTER

BMW of North America Inc.'s dealer-ordering setup, the so-called Sales Planning System, took effect last year in response to dealers who complained that they couldn't get the cars they wanted.

Along with the rest of the industry, BMW also hoped to cut its car inventories. Although BMW says the plan was successful in that respect, the system will be dropped at the end of this year.

The fundamental flaw was that it was impossible to predict with precision 12 or 18 months in advance how many cars of what type each dealer would need.

The plan was supposed to work like this:

Dealers estimated what cars they would need for the next year. BMW took those numbers as a starting point and negotiated a target with each dealer. Production in Germany theoretically would be based on those dealer orders.

As an incentive, dealers who achieved their sales targets received a cash bonus, which usually was 1 percent of the dealer cost of each car sold.

But the system foundered on some hard realities.

First, accurate estimates were hard to make, especially in a poor sales climate. BMW solicited dealer predictions for 1990 while the system was still in the planning stages, and the trial-run estimates added up to 95,000 cars.

"Thank God we didn't start building 95,000 cars," said James J. Ryan, executive vice president of automotive operations.

BMW "negotiated" with its dealers a 1990 projection of 65,000, and the dealers sold 63,646 cars that year. BMW officials said that shows the system produced an accurate projection. But it also shows that BMW had the last word in the "dealer-based" ordering system.

Second, BMW's production facilities in Germany were too inflexible and too far away to allow dealers to change their orders without long delays.

BMW spokesman Thomas O. McGurn said Europeans don't mind waiting for a car if they can special-order it to the nth degree. But Americans want their cars immediately, and they're more willing to compromise on features if it means less delay, he said.

Besides those fundamental difficulties, the bonus system put a premium on volume, and that had some unintended effects on distribution, Ryan said.

For instance, dealers who were close to making their bonus target might take cars they didn't really need. As a result, some dealers who really needed cars couldn't get them.

BMW tinkered with the bonus to solve that problem. In 1990, the bonus was 1 percent if dealers met their volume goal and no bonus at all if they fell short.

The system was changed for 1991, but problems continue. This year, dealers who make 90 percent of their goal get a bonus of 0.5 percent bonus; 100 percent of the goal earns 1 percent; and 120 percent of the goal earns 1.5 percent.

Bill Brecht, the owner of Brecht BMW in Escondido, Calif., said dealers had been worried that BMW would scrap the bonus system in midyear and dealers would miss out on their year-end bonus.

Brecht has the kind of showcase store BMW likes to see, a three-year-old, multi-story dealership on about two acres. He said he never made it into the top ranks of BMW's customer satisfaction surveys until he built his new facility.

"I am absolutely in favor of it," he said of bonuses based on customer satisfaction.

Europeans lose 20% to luxury tax

By Diana T. Kurylko
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — Demand for European cars over $30,000 has permanently dropped 20 percent because of the luxury tax, but high-line Japanese cars appear to be immune to the levy, according to a new study.

The study was commissioned by the Federation Against Inequitable and Regressive Taxation, a group of auto, fur and jewelry interests fighting the tax. The report was done by the consulting firm Temple, Barker & Sloane Inc.

The firm based its conclusions on data gathered from the automakers. It attempted to factor out such influences as the recession and the surge in sales last December, when buyers rushed to beat the Jan. 1 tax, said John B. Schnapp, vice president of Temple, Barker & Sloane.

The tax also appears to have given a competitive advantage to the Lexus LS400 and Infiniti Q45. Schnapp said such cars appear to be less affected because they cost about $40,000, where the luxury tax amounts to $1,000 (10 percent of the value over $30,000), or 2.5 percent of the purchase price. The average European luxury car sells for $54,000, where the luxury tax is $2,400 or 4.4 percent of the purchase price.

Sales of European high-line cars plummeted 37 percent through April, the study said. The overall U.S. car market dropped nearly 17 percent.

Based on the projected decline in demand, European dealers stand to lose 24,316 sales during 1991. At a weighted average price of $54,000 per vehicle, this represented $1.31 billion in lost retail sales for high-line dealerships, the study said.

The study also concluded:

- The luxury tax will result in a loss of at least 3,320 jobs, or 8 percent of total high-line dealership employment.
- Because of the lower sales, the government will lose revenues: $22.5 million in customs duties, $26 million in federal income tax, $22[illegible] million in gas guzzler taxes, and $64.5 million in states sales tax, based on an average rate of 5.4 percent.

The study also predicted that the number of unprofitable luxury car dealers going out of business would double in 1991 compared with last year.

Mitsubishi to double imports of U.S. parts

By Lindsay Chappell
AUTOMOTIVE NEWS STAFF REPORTER

Mitsubishi Motors Corp. says it will double its imports of U.S. parts and materials by 1995.

Hisao Okamoto, corporate general manager of purchasing, indicated the company could purchase about $340 million annually in U.S. material and components within four years. That compares with $170 million from the United States last year, out of a Mitsubishi total of $400 million.

Mitsubishi's announcement appears to be in response to the worsening auto-parts trade imbalance between the United States and Japan and growing tension over the issue.

A study released this month by the University of Michigan predicted that the current U.S. parts-trade deficit with Japan of $10.5 billion annually will reach $22 billion a year by 1994.

Mitsubishi and its U.S. transplant, Diamond-Star Motors Corp. in Normal, Ill., held a conference for about 150 supplier firms earlier this month to discuss the "design-in" phase of vehicle development.

In Japanese auto development, design-in is the process through which suppliers actually participate in the vehicle's development, which virtually guarantees their inclusion as a component supplier. The U.S. government has been pressuring Japanese automakers to open the design-in practice to U.S. firms to allow them more access to Japanese supply contracts.

Mitsubishi officials told suppliers it is crucial for them to get involved in Mitsubishi's vehicle design as early as 36 months prior to production.

PRODUCTION

U.S. CAR

	Week Ended May 25, 1991	Week Ended May 18, 1991	May to Date	Jan. 1 to May 25, 1991	Jan. 1 to May 26, 1990
Horizon	0	0	0	0	4,327
Sundance	0	2,184	4,501	16,586	30,858
Acclaim	2,700	2,569	6,969	32,114	37,079
Total Plymouth	**2,700**	**4,753**	**11,470**	**48,700**	**72,264**
LeBaron A	0	0	0	0	9,079
LeBaron J	1,400	1,303	4,807	19,076	17,418
N. Yorker C-Class	150	186	587	3,111	14,884
Fifth Avenue	1,000	1,039	3,712	12,215	12,489
Imperial	200	208	742	2,945	7,014
Total Chrysler	**2,750**	**2,736**	**9,847**	**37,347**	**60,884**
Omni	0	0	0	0	4,078
Daytona	0	0	0	4,936	12,639
Shadow	0	2,519	5,011	19,149	35,073
Dynasty	3,450	3,526	12,625	47,251	46,547
Spirit	2,200	2,324	5,757	28,329	37,348
Total Dodge	**5,650**	**8,369**	**23,393**	**103,195**	**135,685**
CHRYSLER CORP.	**11,100**	**15,858**	**44,709**	**189,242**	**268,833**
Escort	0	5,767	14,871	76,745	85,747
Mustang	3,725	3,600	7,325	29,191	59,427
Tempo	3,212	3,237	8,361	43,041	56,370
Taurus	8,487	8,559	30,704	131,456	150,550
Thunderbird	0	2,528	6,223	30,588	48,806
Total Ford Div.	**15,424**	**23,691**	**67,485**	**311,021**	**400,900**
Topaz	1,090	1,163	2,894	17,901	21,390
Cougar	0	1,664	4,739	23,153	30,775
Sable	2,605	2,646	9,309	42,130	44,269
Total Mercury	**3,695**	**5,473**	**16,942**	**83,184**	**96,434**
Continental	1,181	1,179	4,243	23,488	23,695
Mark VII	210	208	748	4,114	10,986
Town Car	2,777	2,776	9,995	55,254	69,196
Total Lincoln	**4,168**	**4,163**	**14,986**	**82,856**	**103,877**
Total L-M Div.	**7,863**	**9,636**	**31,928**	**166,040**	**200,311**
FORD MOTOR CO.	**23,287**	**33,327**	**99,412**	**477,061**	**601,211**
Skylark/Somerset	0	0	0	34,929	36,583
Century	2,678	3,198	9,142	34,251	27,651
Riviera	0	244	744	4,204	9,730
Electra/Park Ave.	3,239	2,910	11,348	41,146	13,746
LeSabre (fwd)	160	226	1,098	34,635	68,735
Roadmaster Wagon*	340	271	1,074	9,579	3,370
Reatta	0	35	192	1,206	3,676
Total Buick	**6,417**	**6,884**	**23,598**	**160,109**	**163,491**
Eldorado	0	327	955	6,395	8,933
Seville	0	769	1,344	12,909	14,988
Brougham (rwd)	428	480	1,676	8,233	13,065
DeVille (fwd)	3,705	3,850	13,461	57,680	70,519
Allante	64	64	230	1,267	1,552
Total Cadillac	**4,197**	**5,490**	**17,666**	**87,242**	**109,057**
Cavalier	5,215	6,041	19,586	111,369	130,828
Camaro	1,585	1,549	5,373	18,433	25,489
Corsica/Beretta	6,808	7,291	26,379	99,804	115,895
Caprice	3,295	3,261	12,167	55,884	84,085
Corvette	480	468	1,723	9,557	9,843
Total Chevrolet	**17,383**	**18,610**	**65,228**	**295,047**	**366,140**
Calais	0	0	0	34,616	39,883
Cutlass Ciera	1,958	2,262	7,498	30,587	32,267
Cutlass Supreme	2,528	2,344	8,791	42,770	34,737
Toronado	0	143	403	2,778	7,756
88 (fwd)	2,365	886	3,935	23,377	40,895
Custom Cruiser Wag.**	125	118	442	4,360	2,295
98	1,575	1,388	5,175	30,614	23,304
Total Oldsmobile	**8,551**	**7,141**	**26,244**	**169,102**	**181,137**
Sunbird	2,655	3,073	9,882	50,781	60,819
Grand Am	0	4,494	13,378	87,060	79,284
Firebird	598	549	1,946	6,119	15,484
Grand Prix	2,295	2,700	8,402	39,230	44,578
Pontiac 6000	938	1,137	3,606	14,061	23,988
Bonneville	175	68	257	21,209	33,818
Total Pontiac	**6,661**	**12,021**	**37,471**	**218,460**	**257,971**
Total Saturn†	**1,640**	**1,640**	**5,904**	**25,477**	**0**
GENERAL MOTORS	**44,849**	**51,786**	**176,111**	**955,437**	**1,077,796**
DIAMOND-STAR	**3,180**	**3,139**	**11,366**	**64,099**	**58,743**
Civic	1,990	2,039	6,987	38,031	50,522
Accord	7,465	7,419	26,824	146,441	131,000
HONDA	**9,455**	**9,458**	**33,811**	**184,472**	**181,522**
MAZDA* **	**3,346**	**3,196**	**10,720**	**60,369**	**72,677**
NISSAN	**2,636**	**2,639**	**9,475**	**56,932**	**42,360**
Corolla	2,100	2,205	7,748	43,001	43,686
Geo Prizm/Nova	2,000	2,007	7,186	41,663	42,218
NUMMI	**4,100**	**4,212**	**14,935**	**84,664**	**85,914**
SUBARU-ISUZU	**1,176**	**891**	**3,885**	**23,039**	**10,812**
TOYOTA	**4,350**	**4,244**	**15,620**	**90,756**	**91,024**
TOTAL BIG 3	**79,236**	**100,971**	**320,233**	**1,621,740**	**1,947,840**
TOTAL TRANSPLANT	**28,243**	**27,779**	**99,812**	**564,331**	**543,052**
TOTAL CARS, U.S.	**107,479**	**128,750**	**420,045**	**2,186,071**	**2,490,892**
TOTAL CARS, CANADA	**23,919**	**21,862**	**89,341**	**431,642**	**422,095**
U.S., CANADA CARS	**131,398**	**150,612**	**509,386**	**2,617,713**	**2,912,987**
U.S., CANADA CARS AND TRUCKS	**229,247**	**247,220**	**854,514**	**4,217,792**	**4,938,442**

CANADIAN CAR

	Week Ended May 25, 1991	Week Ended May 18, 1991	May to Date	Jan. 1 to May 25, 1991	Jan. 1 to May 26, 1990
Monaco	0	0	345	1,679	5,076
Premier	0	0	513	3,225	2,939
CHRYSLER CORP.	**0**	**0**	**858**	**4,904**	**8,015**
Tempo	2,688	2,523	10,017	44,464	52,571
Topaz	1,152	1,069	4,252	13,840	19,282
Crown Victoria	1,682	1,533	6,147	36,286	50,985
Grand Marquis	2,114	2,018	8,760	33,157	47,121
FORD MOTOR CO.	**7,636**	**7,143**	**29,176**	**127,747**	**169,959**
Celebrity	0	0	0	0	10,780
Cutlass Ciera	1,424	1,812	6,128	26,500	33,474
Lumina	5,760	4,277	19,777	82,779	89,541
Regal	2,720	2,193	9,852	45,879	30,196
GENERAL MOTORS	**9,904**	**8,282**	**35,757**	**157,998**	**163,991**
CAMI	**2,400**	**2,400**	**8,687**	**51,625**	**0**
HONDA	**2,200**	**2,201**	**7,963**	**44,824**	**43,878**
HYUNDAI	**235**	**234**	**1,197**	**13,716**	**7,518**
TOYOTA	**1,400**	**1,422**	**5,091**	**28,074**	**25,063**
VOLVO	**144**	**180**	**612**	**3,562**	**3,671**
TOTAL CARS, CANADA	**23,919**	**21,862**	**89,341**	**431,642**	**422,095**

U.S. TRUCK

	Week Ended May 25, 1991	Week Ended May 18, 1991	May to Date	Jan. 1 to May 25, 1991	Jan. 1 to May 26, 1990
C[illegible]	2,500	2,682	9,414	44,099	47,021
Dakota	2,050	2,379	7,919	31,199	30,824
Caravan C/V	100	92	382	1,813	2,990
Ram pickups	2,000	2,379	7,927	31,100	45,444
Total Dodge	**6,650**	**7,532**	**25,642**	**108,211**	**126,279**
Cherokee	4,250	4,150	10,919	46,123	68,978
Comanche	100	124	303	2,130	3,253
Grand Wagoneer	350	0	567	777	2,105
Wagoneer/Briarwood	50	51	138	1,178	1,612
Total Jeep	**4,750**	**4,325**	**11,927**	**50,208**	**75,948**
Voyager	1,450	2,279	6,838	34,974	44,862
Town & Country	50	80	259	1,352	1,462
Total C-P Div.	**1,500**	**2,359**	**7,097**	**36,326**	**46,324**
CHRYSLER CORP.	**12,900**	**14,216**	**44,667**	**194,745**	**248,551**
Aerostar	4,400	4,050	14,860	59,956	83,162
Bronco	358	350	1,245	4,951	22,696
Bronco II/Explorer	5,810	6,588	21,232	111,914	59,468
Navajo	177	213	689	5,267	0
Econoline	4,060	2,010	10,596	50,074	61,869
Mediums/Heavies	1,028	0	2,660	14,352	21,952
Light trucks	8,168	8,223	26,215	109,658	190,393
Ranger	6,310	6,683	22,786	101,221	124,348
Total Ford Div.	**30,312**	**28,117**	**100,282**	**457,393**	**583,888**
FORD MOTOR CO.	**30,312**	**28,117**	**100,282**	**457,393**	**583,888**
Astro	2,517	3,034	9,945	39,919	48,490
Blazer	226	166	735	3,096	7,311
Lumina APV	1,285	1,207	4,542	15,234	41,609
Mediums/Heavies	296	179	756	1,468	3,813
P-Model	469	475	1,342	6,411	10,300
Pickups	6,726	6,617	23,331	99,563	145,083
S10	6,875	7,436	25,214	104,502	96,503
S10 Blazer	1,725	1,889	6,159	17,256	52,900
Sportsvan/Van	1,035	1,001	3,523	17,007	28,548
Suburban	585	585	2,042	10,055	27,912
Total Chevrolet	**21,739**	**22,589**	**77,589**	**314,511**	**462,469**
Jimmy	51	64	147	926	2,311
Mediums/Heavies	408	389	1,476	3,212	6,470
P-Model	29	23	149	1,273	1,279
Pickups	2,132	2,090	7,678	45,784	51,229
S15/Sonoma	450	398	2,365	21,332	23,607
S15 Jimmy	330	286	1,291	5,185	16,505
Safari	1,086	1,209	3,636	15,763	15,937
Suburban	650	570	2,217	9,928	12,629
Vandura/Rally Vans	490	524	1,991	7,984	9,614
Total GMC	**5,626**	**5,553**	**20,949**	**111,387**	**139,581**
Silhouette	815	647	2,499	7,836	13,592
Bravada	205	189	669	7,694	0
Total Oldsmobile	**1,020**	**836**	**3,167**	**15,530**	**13,592**
Pontiac Trans Sport	**825**	**862**	**3,018**	**9,681**	**22,888**
GENERAL MOTORS	**29,210**	**29,840**	**104,723**	**451,109**	**638,530**
NAVISTAR	**1,240**	**1,623**	**5,871**	**30,667**	**29,880**
NISSAN	**2,634**	**2,689**	**9,636**	**55,730**	**63,441**
SUBARU-ISUZU	**950**	**883**	**3,361**	**20,254**	**10,559**
AM GENERAL	**400**	**400**	**1,440**	**8,450**	**9,540**
MISCELLANEOUS	**2,650**	**2,650**	**9,540**	**56,000**	**63,690**
TOTAL TRUCKS, U.S.	**80,296**	**80,418**	**278,720**	**1,274,348**	**1,647,989**

CANADIAN TRUCK

	Week Ended May 25, 1991	Week Ended May 18, 1991	May to Date	Jan. 1 to May 25, 1991	Jan. 1 to May 26, 1990
Caravan	2,995	2,819	11,616	57,535	66,663
Caravan C/V	185	185	760	11,293	5,435
Ram Wagon	608	545	2,306	9,099	10,281
Ram Van	1,078	1,007	4,064	15,980	25,007
Total Dodge	**4,866**	**4,556**	**18,745**	**93,907**	**107,386**
Voyager	1,940	1,911	7,794	42,492	54,407
Total Plymouth	**1,940**	**1,911**	**7,794**	**42,492**	**54,407**
Wrangler	1,200	1,263	5,076	21,944	22,999
Total Jeep	**1,200**	**1,263**	**5,076**	**21,944**	**22,999**
CHRYSLER CORP.	**8,006**	**7,730**	**31,615**	**158,343**	**184,792**
FORD MTR. (lt. trks.)	**2,363**	**2,334**	**9,421**	**37,067**	**60,232**
Light trucks	3,180	2,263	10,338	54,012	72,117
Vans	1,185	1,138	5,125	20,525	19,645
Total Chevrolet	**4,365**	**3,401**	**15,463**	**74,537**	**91,762**
Light trucks	1,070	1,104	4,010	21,466	27,224
Vans	570	399	1,669	8,490	9,070
Total GMC	**1,640**	**1,503**	**5,679**	**29,956**	**36,294**
GENERAL MOTORS	**6,005**	**4,904**	**21,142**	**104,493**	**128,056**
CAMI	**1,050**	**1,060**	**3,840**	**22,835**	**0**
NAVISTAR	**129**	**182**	**391**	**2,953**	**4,386**
TOTAL TRKS., CANADA	**17,553**	**16,190**	**66,408**	**325,731**	**377,466**
U.S., CANADA TRKS.	**97,849**	**96,608**	**345,128**	**1,600,079**	**2,025,455**

Monthly estimates may contain error of one or two units due to rounding.
†Estimate *1990 totals reflect the LeSabre (rwd)
**1990 totals reflect Olds. 88 (rwd) ***Total includes MX-6, 626, and Ford Probe
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz

Output tops 4 million in U.S., Canada

By Bob DeMayer
SPECIAL CORRESPONDENT

Total car and truck production in the United States and Canada surpassed four million units for the year last Monday. In 1990, the four-million mark was reached nearly three weeks earlier.

Estimated assembly of 107,479 cars in the United States last week was 16.52 percent below the prior week and 18.96 percent below the year-ago week.

Year-to-date, U.S. car production of 2,186,071 trails 1990 by 12.24 percent.

Estimated truck production last week was 80,296, down 0.15 percent from the previous week and down 8.06 percent from 1990.

So far this year, 1,274,348 trucks have been assembled, 22.67 percent below last year.

All plants in the United States are closed today in observance of Memorial Day.

Ford Motor Co. slated daily overtime this week at the Louisville, Ky., truck plant. The Ford Explorer, Ford Ranger and Mazda Navajo are produced there. The Edison, N.J., truck plant remains on a single shift this week due to a shortage of dealer orders. The plant builds the Ford Ranger.

Chrysler closed its St. Louis (No. 1) plant indefinitely last Friday. The plant built its last Dodge Daytona May 23.

Chrysler scheduled no overtime this week.

CANADA: Canadian car production was estimated at 23,919 last week, 9.41 percent more than the prior week and 54.33 percent more than the year-ago week.

Year-to-date, 431,642 cars have been produced, putting 1991's total 2.26 percent above 1990.

Truck production last week was estimated at 17,553, up 8.42 percent from the prior week and 4.71 percent above the year-ago week.

Year-to-date, truck production in Canada is down 13.71 percent.

General Motors scheduled two shifts of overtime last Saturday at its Oshawa, Ontario, truck plant. It builds the Chevrolet full-sized pickup and GMC Sierra.

Ford has scheduled daily overtime this week at its St. Thomas, Ontario, car plant.

SCHEDULED PLANT CLOSINGS

Plant	Weeks down	Units lost/ week
FORD		
Wayne, Mich.	**5/27**	
Ford Escort		5,000
GENERAL MOTORS		
Detroit/Hamtramck, Mich.	**5/27**	
Buick Riviera		*
Cadillac Eldorado		
Cadillac Seville		
Olds. Toronado		
Lansing, Mich. (A plant)	**5/27**	**
Buick Skylark		
Oldsmobile Calais		
Lansing, Mich. (B plant)	**5/27**	*
Pontiac Grand Am		
CHRYSLER		
Windsor, Ontario (Pillette Rd.)	**5/27**	
Dodge Ram Van		1,150
Dodge Ram Wagon		700
Sterling Heights, Mich.	**5/27, 6/3**	
Dodge Shadow		1,500
Plymouth Sundance		2,000
Total U.S. car		**8,500**
Total Canada truck		**1,850**
Total units lost week of 5/27		**10,350**

Source: Automotive News Data Center
*Model changeover
**Plant will be down for model changeover through August 1991.

NOTE

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